

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



Second Report of the Panel
of Eminent Persons

ADDRESSING KEY ECONOMIC ISSUES TO ADVANCE SUSTAINABLE DEVELOPMENT: IDEAS FOR ACTIONS

AND

Reflections by Supachai Panitchpakdi,
Secretary-General of UNCTAD

UNCTAD TODAY AND TOMORROW



UNITED NATIONS

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UNCTAD Secretary-General's Panel of Eminent Persons

SECOND REPORT

*Addressing key economic issues to advance sustainable
development: Ideas for actions*



UNITED NATIONS

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Preface by the Secretary-General of UNCTAD



Since my arrival as Secretary-General in September 2005, I have been consistently and persistently pursuing an agenda of revitalizing UNCTAD as an institution through administrative and management reform, and as a force for the betterment of the development prospects of developing countries through ahead-of-the-curve thinking and action. For this purpose, I established the Panel of Eminent Persons to advise me, in the personal capacity of its members, on how to enhance the development role and impact of UNCTAD. The Panel came up with very valuable recommendations, most of which were endorsed and put into action by member States, together with the secretariat, as manifested in the outcome of UNCTAD XII. In the wake of the crisis I have reconvened the Panel with new members to help us set a new vision on how to pursue development-centered globalization in the post-crisis era. I am pleased to share this new report of the Panel with member States.

The report offers a number of ideas for actions to address key economic issues to advance sustainable development and the interests of developing countries in ten critical development areas. It is my sincere hope that member States will carefully consider these ideas, which are also being reviewed in the secretariat.

I would like to express my gratitude to the two co-Chairs and the members of the Panel for the wisdom and dedication they brought to this task. Through their work, they have made an invaluable contribution to the future of UNCTAD and to the development cause more generally. My appreciation also extends to the senior aides of the Eminent Persons and the secretariat staff who provided substantive backstopping to their work.

A handwritten signature in black ink, which appears to read 'S. Panitchpakdi'. The signature is fluid and stylized, with a large initial 'S'.

Supachai Panitchpakdi
Secretary-General of UNCTAD

Letter of transmission from the two co-chairs of the Panel of Eminent Persons

Dear Dr. Supachai,

We hereby transmit to you the report of the Panel of Eminent Persons entitled “*Addressing key economic issues to advance sustainable development: Ideas for actions*”. The Panel has thus accomplished the goals set out by you.

Our report is succinct, forward-looking, and focuses on a few key ideas for international initiatives as they fall within UNCTAD’s realm. We focus on aspects where we believe there is value added to today’s myriad of development reflections. We do not intend to be exhaustive and comprehensive on development issues. Our ideas are for you to consider and it is up to you to share them with member States. Member States may wish to take up these ideas, either through UNCTAD or for consideration by the broader development community.

Our recommendations are meant to support the development role and impact of UNCTAD, and to provide fresh thinking with a view towards increasing the relevance and effectiveness of this valuable organization. Whereas our first report, entitled “*Enhancing the Development Role and Impact of UNCTAD*”, focused on institutional issues, in this second report we address the key challenges faced by developing countries, and the development community at large, in the wake of the global economic crisis and the new phase of globalization.

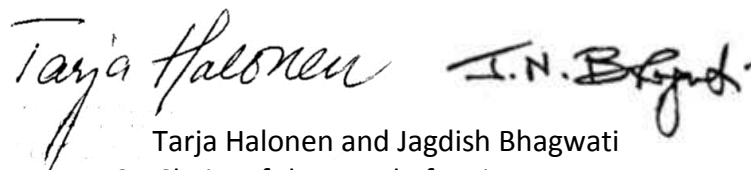
We are pleased to make our contribution to UNCTAD’s development endeavor. Keeping in mind the broad orientation and mandate of UNCTAD, in particular the outcomes of UNCTAD XIII, we continue the efforts of the first Panel and follow up on its recommendations. We note with great satisfaction that a large part of the recommendations of the report of the first Panel have been effectively implemented under your leadership.

The Panel met formally twice and held informal exchanges in between the meetings. Some Eminent Persons provided their respective written inputs at various stages. Some panel members participated in UNCTAD XIII and its parallel events, and benefitted from extensive informal exchanges with various development stakeholders. The Panel also benefitted from an exchange of views with Mr. Pascal Lamy, the Director-General of the World Trade Organization, and H.E. Dr. M. A. Maruping, President of the 58th Trade and Development Board and Ambassador of Lesotho to the United Nations and the other International Organizations in Geneva, as well as with H.E. Mr. L.M. Piantini, President of the 57th Trade and Development Board and

Ambassador of the Dominican Republic to the United Nations and the other International Organizations in Geneva. All of these contributions are gratefully acknowledged.

We wish to thank you, Dr. Supachai, on our behalf and on behalf of the other members of the Panel of Eminent Persons, for having entrusted us with this important task. Your insight on economic development issues and your strategic thinking about UNCTAD have greatly benefited the work of the Panel.

We also wish to register our appreciation to all those who contributed to our work, in particular our Senior Aides. Our gratitude also extends to the coordinator of the Panel, Mr. James Zhan, and to Mr. Jörg Weber, and their staff, for their substantive backstopping and administrative support since the inception of the first Panel.

The image shows two handwritten signatures in black ink. The signature on the left is 'Tarja Halonen' and the signature on the right is 'J.N. Bhagwati'.

Tarja Halonen and Jagdish Bhagwati
Co-Chairs of the Panel of Eminent Persons

Members of the UNCTAD Panel of Eminent Persons



Tarja Kaarina HALONEN was the 11th President of Finland, the first female to hold the office. In addition to her political career she had a long and extensive career in trade unions and different non-governmental organizations. Ms. Halonen is widely known for her interest in human rights and development issues. She is Co-Chair of the World Commission on the Social Dimension of Globalization, and served as Co-Chair of the United Nations Millennium Summit. She is also a member of the Council of Women World Leaders. In April 2010, she was appointed Co-chair of the High-Level Panel on Global Sustainability by UN Secretary-General Ban Ki-moon.



Jagdish BHAGWATI, University Professor at Columbia University and Senior Fellow in International Economics at the Council on Foreign Relations, is a prominent economist. He has made pioneering contributions to the study of development, globalization, international trade, foreign aid and immigration. He also writes frequently for leading media worldwide. He has served in many advisory roles, including at the GATT as Economic Policy Adviser to Director General Arthur Dunkel and at the UN to Secretary General Kofi Annan on Globalization and on NEPAD Process in Africa. He works with many NGOs, including Human Rights Watch.



Margarita CEDEÑO DE FERNÁNDEZ is the Vice President of the Dominican Republic. Prior to the current position, as the First Lady, she coordinated social policies for the administration. She was Associate Member of the law firm of Doctor Abel Rodríguez del Orbe and Fernández y Asociados. She was Director of the Legal and Investment Environment Management in the Office for the Promotion of Foreign Investment. Since 2009, she is Goodwill Ambassador of the Food and Agricultural Organization.



Joaquim Alberto CHISSANO served as second President of Mozambique for 19 years (from 1986 to 2005) where he is credited for achieving broad socio-economic reforms. He is widely regarded for his international leadership and political achievements, serving as special envoy of the UN on numerous occasions and winning the first-ever Prize for Achievement in African Leadership awarded by the Mo Ibrahim Foundation. He is chairperson of the Joaquim Chissano Foundation and the Forum of Former African Heads of State.



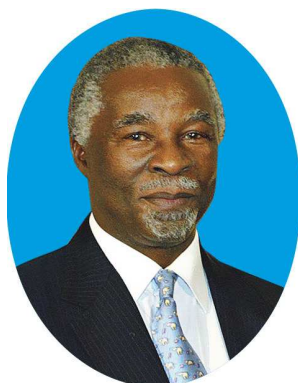
Mohamed "Mo" IBRAHIM is the founder of Celtel, an African mobile communications enterprise which set up the world's first borderless network across East Africa. He is creator of the Mo Ibrahim Foundation to encourage better governance in Africa, as well as creating the Mo Ibrahim Index, to evaluate nations' performance. He is a member of the Africa Regional Advisory Board of London Business School. In 2007 he initiated the Mo Ibrahim Prize for Achievement in African Leadership.



Yongtu LONG is Secretary-General of the Center for the Study of the G20. He is former Vice Minister of Commerce and Chief Negotiator for China's accession to the WTO. Between 2003 and 2010 he was Secretary-General of the Bo'ao Forum for Asia. Mr. Long was also in charge of the multilateral economic and trade affairs between China and the UN's development agencies, and was actively involved in creating the Regional Economic Development Cooperation Committee of Tumen River Area in Northeast Asia.



Lord Mark MALLOCH-BROWN is a former United Nations Deputy Secretary-General and served as Chef de Cabinet to the then UN Secretary-General Kofi Annan. He is also a former Minister of State in the Foreign and Commonwealth Office of the British government with responsibility for Africa, Asia and the United Nations. He was also Administrator of the United Nations Development Programme (UNDP) during which time he spear-headed a number of reforms, including following up the creation of the United Nations Development Group (UNDG).



Thabo Mvuyelwa MBEKI is former President of the Republic of South Africa. As successor to Nelson Mandela, he is credited with leading South Africa's economy to robust growth in the post-Apartheid era. He also created the New Partnership for Africa's Development (NEPAD) and oversaw the successful building of economic bridges between South Africa and Brazil, Russia, India and China, with the eventual formation of the India-Brazil-South Africa (IBSA) Dialogue Forum. He is also founder of the Thabo Mbeki Foundation. In April 2010, he was appointed Co-chair of the High-Level Panel on Global Sustainability by UN Secretary-General Ban Ki-moon.



Benjamin MKAPA is former President of the United Republic of Tanzania and former Chairperson of the Southern African Development Community. He is Co-Chair of the Investment Climate Facility for Africa and was a Panelist in the High Level Panel on UN System-wide Coherence on Development, Environment and Humanitarian Assistance. He serves as a Commissioner for the UN High Level Commission on the Legal Empowerment of the Poor and is Chairman of the South Centre.



Mari Elka PANGESTU is Minister of Tourism and Creative Economy, and former Minister of Trade of Indonesia. She was active in various trade forums such as The Pacific Economic Cooperation Council and has been one of the foremost economics experts in Indonesia. She serves on the Board of External Editors of the Asian Journal of Business (University of Michigan) and Bulletin of Indonesian Economic Studies (Australian National University). She is also the co-coordinator of the Task Force on Poverty and Development for the United Nations Millennium Project.

Summary of recommendations

A. Taking stock of the implementation of the recommendations of the first report of the Eminent Persons' Panel, we recommend:

- 1. Organizing staff/delegate seminars to upgrade the substantive skills of delegates on the one hand and to sensitize staff members to member States' concerns on the other.*
- 2. Holding joint brainstorming sessions before taking decisions in the intergovernmental machinery to enable Geneva delegates to focus on substance and development reality and ensure informed decision-making on the part of delegations.*
- 3. Signalling strong interest on the part of the membership in the outcome and direction of UNCTAD's programme of work through participation of Permanent Representatives in critical meetings.*
- 4. Considering integrating the Commission on Science and Technology for Development into UNCTAD's intergovernmental machinery to create synergies whilst fully preserving its mandate and work programme, just as UNCTAD integrated the Commission on Transnational Corporations and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting in 1996.¹*

B. Based on our central developmental values, we recommend

- 1. Undertaking to define "development-centered" globalization, setting out related indicators and benchmarks, and periodically assessing the impact of globalization against them.*

C. Looking forward, we have identified a number of issue areas where new global initiatives led by UNCTAD could be advocated to foster development-centred globalization. Specifically, we recommend, in terms of:

1. Global economic and financial governance

Building a "Development Observatory of Global Economic and Financial Governance" and a "Virtual Consortium of Think Tanks" on globalization and new development strategies, to safeguard and advance developing countries' interests in the emerging new global economic and financial governance structures.

¹ The Commission could retain its link with ECOSOC if so desired.

2. Trade

Establishing a multilateral and multi-stakeholder platform for fostering dialogue among regional trade blocs to create synergies between different integration initiatives, identify opportunities for "open regionalism", emphasize the development angle and ultimately support multilateralism.

3. Commodities

Creating an aid-for-diversification facility, which allows beneficiary countries to take a holistic and forward looking approach, to bring commodities dependent low-income countries on a sustained growth path of rising income and poverty reduction.

4. Investment

Creating a multilateral platform for coordination of international investment policies at all levels to maximize the benefits of investment for sustainable development and minimizing its potential negative effects.

5. Enterprise and supply chains

Developing operational strategies for strengthening the productive capacity of developing countries' enterprises in order to become part of global supply chains and maximize the development benefits therefrom.

6. Technology capabilities

Offering an internationally recognized platform to retired professionals and skilled emigrants for volunteering their services to disseminate "soft" technology.

7. International migration

Undertaking, in collaboration with other international organizations working in this field, research and policy analysis on the economic development impact of migration, particularly with respect to development finance, trade (Services mode 4) and the economic empowerment of women to harness the benefits of international migration and minimize its negative effects.

8. Green economy

Developing a positive agenda at the firm level, and setting up an international technical assistance centre for green investment and technology to help developing countries build the capacity to grasp green economic opportunities and meet the increasingly stringent environmental requirements that the new globalization will inevitably bring.

9. Women in development

Identifying and advocating meaningful and effective actions that could be deployed in UNCTAD's core areas of work where a differentiated approach for women rather than a gender-neutral approach is warranted, to help mainstream gender issues into economic and sustainable development-related policy-making.

10. Inclusive growth

Undertaking the research needed to understand the challenges and opportunities faced by the informal sector in order to facilitate its formalization, establishing the platform for the international community to engage with these questions and providing technical assistance to facilitate the formalization of the informal sector.

Introduction

As the global economic and financial crisis persists in one form or another, it affects increasingly the growth and development of developing countries – the innocent bystanders. At the same time, new global economic governance structures are yet to emerge, while at the national level countries are reviewing their development strategies. This poses new challenges to the international development community, including international organizations such as UNCTAD. It is in this light that the Secretary-General has reconvened the UNCTAD Panel of Eminent Persons to brainstorm on fresh ideas for possible future international initiatives in promoting development-centred globalization in the post-crisis era.

The report is meant to be succinct and forward looking and to focus on a limited number of key ideas for international initiatives for long-term solutions on how to deal with economic development challenges and how to strategically position UNCTAD in this context. The report is not exhaustive and comprehensive in identifying development challenges and solutions, but pinpoints areas within UNCTAD's remit.

The report starts with a stock-taking of the accomplishments with regard to the recommendations of the first Panel under Dr. Supachai's leadership. It then provides a brief overview of the paradigm shift towards development-centred globalization. This is followed by ten issue areas identified by the Eminent Persons. For each of these, some key and emerging challenges are highlighted, with one or two major international policy initiatives that the international community could consider as a solution for UNCTAD to carry out.

A. Taking stock and lessons learned

UNCTAD was constituted in 1964 as the legitimate and unique forum for defining and pursuing the economic agenda of the developing countries, within the context of the world economy. The acronym UNCTAD includes "trade" and "development". The narrower epithet "trade" reflected the historical fact that GATT was thought of at the time as reflecting conventionally the interests of the developed countries (because GATT dealt with negotiations over trade concessions which involved only the developed countries whereas the developing countries were generally exempted at the time from making concessions to get concessions). The broader epithet "development", on the other hand, reflected the fact that the entire spectrum of developmental issues could be within the scope of the new institution.

Thus, as the institution developed, the developmental focal point of UNCTAD led to its mandate evolving towards the integrated treatment of development issues with respect to trade, investment, commodities, technology, finance, enterprise and related issues. UNCTAD cast its policy interests wide and even pioneered the analysis of issues such as cross-border migration at a time when the subject was confined to a few scholarly investigations and was not considered one of the overarching issues in developmental analysis.

Evidently therefore, in light of this mandate and the accompanying ambition, and the parallel evolution of developmental thinking and issues, Dr. Supachai, the newly-nominated Secretary-General of UNCTAD – who had been the Director General of the WTO and successfully appointed an International Panel of Experts on The Future of the WTO –, proceeded to appoint in 2005 a Panel of Eminent Persons to similarly examine the role and future of UNCTAD.

This Panel submitted its Report in June 2006, focusing on the institutional issues and the leadership that UNCTAD could provide in guiding the resolution and progress on major developmental issues. The present second Panel, which is a continuation of the first Panel, has been reconvened by Dr. Supachai to examine some key and emerging development issues and challenges in light of the global economic and financial crisis and its ramifications, and with offering concrete ideas and suggestions concerning their solutions, especially in regard to the interests of the developing countries. This is what our Panel attempts below. Before doing so, it is opportune to look at the achievements of the first Panel.

The report of the first Panel of Eminent Persons entitled "*Enhancing the Development Role and Impact of UNCTAD*" became part of the UNCTAD XII Conference in 2008 in Accra, Ghana, as sub-theme 4, and member States collectively agreed on the way forward. Much progress has been made since then:²

- The functioning of UNCTAD's intergovernmental machinery was improved by streamlining the Commissions' work programmes, and establishing the multi-year expert meetings, so that the intergovernmental machinery could become more substantive and produce more relevant outcomes, such as policy toolkits, for the membership (Recommendations 14 and 15).

² See *Report of the Panel of Eminent Persons: Enhancing the Development Role and Impact of UNCTAD* (UNCTAD/OSG/2006/1). It should be recollected in this context that member States decided in the pre-UNCTAD XII Trade and Development Board deliberations to not pursue recommendations Nos.2, 3, 8, 11, 17 and 20 of the Eminent Persons' Report.

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- The Secretariat underlined its ahead-of-the-curve analytical capacity in identifying and analyzing key emerging issues. For example, the organization provided leadership in its analysis of the financial crisis and advocated financial systems reforms (Recommendation 1).
 - The Secretariat strategically positioned itself based on the three criteria of comparative advantage, differentiation and complementarity, and strategic and catalytic intervention. For example, it created the World Investment Forum which after three sessions is now recognized as the global platform for high-level, universal and inclusive deliberation and policy setting for investment for development. In a similar vein, the three sessions of the Global Commodities Forum have established it as a multi-stakeholder meeting to discuss and find better solutions to perennial problems of the commodity economy (Recommendation 4).
 - Genuine partnerships with other international organizations were established (with the ILO and UNIDO on various research areas; with FAO, the World Bank and IFAD on the pursuit of the Principles for Responsible Agricultural Investment; and with the WTO and OECD on G20 policy monitoring) (Recommendation 5), and the organization took the lead in creating the UN Inter-Agency Cluster on Trade and Productive Capacity as a means to increase its direct development impact on the ground (Recommendation 18).
 - Cooperation and interaction with civil society was intensified through the newly established Public Symposium (Recommendation 6).
 - "Flagship" research and analysis were strengthened (e.g. with the integration of the Africa and LDC work) and the number of publications was significantly reduced, placing emphasis on the *Trade and Development Report* and the *World Investment Report* (Recommendation 9).
 - With its *Investment Policy Framework for Sustainable Development*, its *Entrepreneurship Policy Framework* and its *Science, Technology and Innovation Indicators for Policymaking in Developing Countries*, among others, the organization created outcomes of the deliberations of member States in the respective multi-year expert meetings that provide relevant and pragmatic development solutions (Recommendation 13).
 - The Secretary-General's trust fund for developing country experts' participation in UNCTAD's intergovernmental meetings has been operational and successful since Accra (Recommendation 12).
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- Deliberations of the high-level segment of the Trade and Development Board have been enriched by the participation of a wide range of civil society and academic representatives (Recommendation 16).
- Technical assistance work was streamlined from 400+ projects into now less than 200 ongoing projects integrated into 17 clusters (Recommendation 19).
- The synergies and cross-pollination among the three pillars of work and within the secretariat were strengthened through the Secretary-General's "3C" policy of increased communication, coordination and concentration, and the setting up of the post-Accra and post-Doha Steering Committees and task forces (Recommendation 21).
- In the same vein, work on technology, South-South cooperation, commodities and gender was strengthened through a realignment of secretariat functions (Recommendation 21).

These achievements, attributable in no small measure to Dr. Supachai's leadership and strategic management, will leave a lasting legacy, reinvigorating UNCTAD as a United Nations development organization.

At the same time, we note that efforts to strengthen UNCTAD in order to adapt to the challenges of today and further enhance the organization's development role and impact need to continue. This includes effectiveness and efficiency, focussing on results and development impact and building on the organization's comparative advantages.

Most important in this regard is that the implementation of the tenth recommendation of the first Eminent Persons' Panel lags behind, namely that member States should overcome confrontational attitudes, build trust and create a comfort zone to nurture a spirit of development partnership and "shared success". In fact, during the process of UNCTAD XIII sometimes confrontational attitudes prevailed despite the good will of member States.

We believe that this can be overcome with a renewed look at the functioning of UNCTAD's intergovernmental machinery. UNCTAD XII streamlined the structure and work programme of the intergovernmental machinery. However, there is still room to improve its effectiveness and impact. There is hence a need to help member States make better use of the machinery, thus fostering a positive partnership approach. This we see as a top priority.

Improving the functioning of UNCTAD's intergovernmental machinery is not achievable in a one-off decision by member States but will require proactive engagement from all, particularly from the highest level of delegations, and it will take time. Only with the development of a "shared vision" of success among member States and the secretariat can the organization continue to live up to its mandate, make an impact and be relevant on the ground. We continue to believe that UNCTAD can fulfil this task.

As a start, we suggest organizing staff/delegate seminars to upgrade the substantive skills of delegates on the one hand and to sensitize staff members to member States' concerns on the other; and to hold joint brainstorming sessions before taking decisions in the intergovernmental machinery, so as to enable Geneva delegates to focus on substance and the development reality and ensure informed decision-making on the part of delegations.

The participation of Permanent Representatives in critical meetings would be most effective in signalling strong interest on the part of the membership in the outcome and direction of UNCTAD's programme of work.

UNCTAD could also consider integrating the Commission on Science and Technology for Development into its intergovernmental machinery to create synergies whilst fully preserving its mandate and work programme, just as UNCTAD integrated the Commission on Transnational Corporations and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting in 1996.³

B. Looking ahead: Core values of development-centred globalization

In reflecting on development experiences over the past decades, we need to recognize several new "facts on the ground". In particular, we need to record some striking achievements but also take into account new vulnerabilities.

The achievements are significant: following substantial economic reforms, countries such as China and India have maintained economic growth since the 1990s, which has finally had a material impact on poverty. Many studies show that growth has been inclusive in these large economies: poverty has been dramatically reduced as growth rates have picked up, lifting several hundred million people out of extreme poverty. However, this growth could have been even more inclusive if reforms had been deeper and extended more broadly to other areas of policy.

³ The Commission could retain its link with ECOSOC if so desired.

Among the vulnerabilities, we must reckon particularly with (i) economic growth that depends largely on fossil fuels, at the expense of our climate system and the environment generally; (ii) the continuing technological constraints faced by many developing countries; and (iii) rapid urbanization that has created its own set of problems such as the expansion of slums and *favelas*, where deprivation can be acute.

At the same time, new issues have emerged. Notable are the massive movement – legal and illegal – of people across borders, which has raised a new set of economic and social challenges. There is also an increased awareness of women’s rights and responsibilities and the role of women in development has become a central concern. Corporate Social Responsibility, and indeed Personal Social Responsibility which must complement it, have come to the fore in discussions about development.

Developmental issues require attention at multiple governance levels: local/national, bilateral/regional/plurilateral and multilateral/global. While multilateral efforts are generally important for development and present a more effective approach to manage globalization, regionalism – including the work of groups such as the G20 – can offer important benefits, provided it is not at the expense of multilateralism. National action is important because nation States need to implement agreements and solutions wrought at the international level. The problems we face are complex. Similarly, the solutions for these problems need to be multi-layered and interlinked.

Moreover, the diversity of developing countries' interests needs to be acknowledged as they contemplate policies to address the questions at hand. While all developing countries' needs merit attention, the developmental problems they face vary. Therefore, there is no one-size-fits-all solution. However, there are also many issues – such as climate change; resource constraints; growing income disparities and youth unemployment – which require a cross-cutting and holistic perspective. The welfare concerns of LDCs and structurally weak and vulnerable economies command particular attention because their needs are among the greatest. At the same time, we cannot lose sight of the fact that also in emerging economies large portions of their populations still live in extreme poverty. These poor people's needs cannot be neglected.

Globalization is most usefully defined as the multiple points at which economies engage with one another in the world economy. These exchanges are varied, of course, occurring at the levels of trade, investment, commodities and technology exchange. It is our duty to ask how these economic activities affect development, particularly in the developing world. More pointedly, how can we strive to guide and harness these activities to achieve developmental outcomes.

In appraising the issue, we do not start with a clean slate. Four perspectives have informed the globalization debate: the Benign Impact viewpoint for one regards globalization as mutually advantageous for all countries; the Benign Intent point of view believes globalization processes are also benign in intent; on the other hand the Malign Impact stance argues that “international integration leads to national disintegration” and that weaker, peripheral developing nations will be harmed by commingling with developed countries; while the Malign Intent point of view sees foreign aid and investment as a form of “neo-colonial embrace”.

These different perspectives are useful to keep in mind, when we consider how globalization can facilitate, rather than handicap, development. Today there is greater acknowledgment of the interconnectedness of developing and developed countries, therefore there is also more general consensus that partnership, rather than partisanship, can deliver the developmental solutions we seek. In this vein, our Report strikes a constructive chord: globalization is an irreversible process. Therefore development-oriented actions, both private and public, need to be tailored within the framework of a globalized world to be effective.

Since the onset of the current global economic and financial crisis, there has been an abundance of suggestions on a meaningful course for reforms to the world economic system, especially inasmuch as the welfare of developing countries is concerned.

We believe the expertise, experience and geographically diverse composition of our Eminent Persons Panel places it uniquely to make a distinct contribution, particularly on the more permanent and key developmental values that now dominate our discourse. The following issues must be central:

- *Sustainability of development* – to ensure that we do not only content ourselves with short-term solutions but make provision for the needs of future generations when we address global concerns.
- *Inclusiveness of development* – to ensure that the gains from development reach the poor and greater equity is achieved.⁴

⁴ We refer to the triple bottom line definition of sustainable development as used in the United Nations 2005 World Summit Outcome Document, as follows: “[...] *the three components of sustainable development — economic development, social development and environmental protection — as interdependent and mutually reinforcing pillars. Poverty eradication, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development*” (paragraph 48).

- *Good governance at the national and international levels.* At the national level, responsible and democratic governance is key for long-term development. The same holds true for democratic governance in international institutions. The effective participation of developing countries in institutions overseeing the world economy is necessary to ensure their interests in sustainable development and inclusive growth are meaningfully represented.

The sustainability and inclusiveness of development, rooted in good governance both at the national and international levels are therefore the central tenets that underpin our developmental values.

It remains an important task for UNCTAD to define “development-centred” globalization, based on the above core values, and to establish relevant indicators and benchmarks, to periodically assess the impact of globalization against these values.

C. Issue areas: Ideas for actions

The Eminent Persons have identified in their discussions a series of issue areas where new global initiatives, possibly led by UNCTAD, could be advocated to foster development-friendly outcomes from globalization.

1. Global economic and financial governance

To safeguard and advance developing countries' interests in emerging new global economic and financial governance structures, we should build a “Development Observatory of Global Economic and Financial Governance” and develop a “Virtual Consortium of Think Tanks” on globalization and new development strategies.

In the wake of the global economic and financial crisis, a number of processes are under way to reform the global economic and financial systems.

The challenge for these interwoven processes is to ensure (i) good governance in financial institutions, (ii) improved policy coherence at national and international levels and better coordination between interrelated sectoral issues, (iii) effective deployment of measures to achieve sustainable development outcomes, and (iv) inclusiveness – for the benefit of the most vulnerable in the global economy. A priority is to advance the key interests of developing countries. We need to ensure that they can cope in the

emerging new global economic system and effectively participate in new global economic policymaking.

The establishment of a “Development Observatory of Global Economic and Financial Governance” can help facilitate the above goals. Such an observatory would undertake “development audits” of all major suggested changes to the global financial and economic architecture, assess their impact on sustainable development and inclusive growth, and make recommendations to address any shortcomings. The Observatory would be an effective assessment tool independent from policy setting processes. UNCTAD could be a worthy custodian of the Observatory. In fulfilling this role under its development mission and mandate, UNCTAD could also strive to increase its cooperation with the World Bank and the IMF, especially in relation to policies that affect developing countries.

UNCTAD could also establish a virtual consortium of think tanks on globalization and development strategies. Special efforts would need to be made to ensure the effective involvement of developing country think tanks. These could monitor the evolution of globalization, assess its development impact and make recommendations to national governments on emerging economic issues and challenges. Such a “Consortium” can tap into UNCTAD’s cutting edge research on economic issues. Building on these synergies the “Consortium” could offer research on specific topics and assist with capacity-building to national governments and institutions on development strategies in relation to trade, investment, technology and enterprises, among others. This builds on the idea of the global network of think tanks that emanated from the recommendations of the first Eminent Persons’ report, and on the organization’s Virtual Institute. The “Consortium” could provide an online platform for national, regional and international experts to discuss, share experience and provide recommendations on development strategies.

2. Trade

We need to establish a multilateral and multi-stakeholder platform for fostering dialogue among regional trade blocs to create synergies between different integration initiatives, identify opportunities for “open regionalism”, emphasize the development angle and ultimately support multilateralism.

Developing countries, if not all members of the WTO, should be concerned about the implications of the failure to complete the Doha Development Agenda (DDA). The WTO stands on three pillars: trade liberalization, rule-making and the Dispute Settlement Mechanism (DSM). These three pillars have ensured an open, balanced,

rules-based trading system, for the benefit of all members – big and small, developed and developing.

The uncertainties of the completion of the DDA negotiations has affected the multilateral trade liberalization agenda of the WTO and especially over the last decade, precipitated the proliferation of preferential regional agreements. The multilateral system could be undermined if regional or bilateral agreements led to inconsistencies with the other two pillars of the multilateral trading system: its rules and the DSM. We should caution against rules in regional and bilateral agreements being dictated by the more developed or economically powerful partner, resulting in agreements that accommodate the interests of dominant parties at the expense of the weak. We should endeavor to keep the WTO DSM intact by refraining from using regional or bilateral agreements to resolve trade disputes. Regional dispute settlement bypasses the input of WTO members outside of regional agreements, potentially to the detriment of developing countries.

The increased internationalization of production underlines the importance of having common rules of origin. Bilateral rules fragment the world economy, creating what is now known as the "spaghetti bowl" problem. The multiplicity of effective tariffs which is the result of a proliferation of PTAs also harms developing countries and their enterprises in particular, as they do not always have the resources to cope with this complexity.

Another threat to developing country interests in the trading system is a trend since 1995 to pursue plurilaterals. This could see the interests of well-funded lobbies becoming entrenched in new rules, rather than the interests of developing countries.

UNCTAD, through its long record of work on the development dimension of trade, is uniquely placed to provide a platform for dialogue on these issues. The developments mapped out above have implications for developing countries. It is important that they are vigilant and understand how different outcomes could affect their interests.

The issues are best dealt with through dialogue, which could be organized to take place on a regular basis among different regional trading blocs. Organized as a part of the annual meetings of the Trade and Development Board or, alternatively, as a standing item on the agenda of the Trade and Development Commission, leading up to UNCTAD XIV, such a dialogue can serve to improve the connection and linkages between different blocs or regional economic communities, for example by exchanging experiences and sharing best practices. Such dialogue should be inclusive, involving all trade-development stakeholders. Bringing together representatives of all regional blocs can help to dilute conflict and rather create synergies between different

integration initiatives, identify opportunities for “open regionalism”, emphasize the development angle in all of this and ultimately support multilateralism.

3. Commodities

To bring commodities dependent low-income countries on a sustained growth path of rising income and poverty reduction, we must foster their diversification. This could be achieved by creating an aid-for-diversification facility that allows beneficiary countries to take a holistic and forward-looking approach.

Commodities remain the key export products for a large number of developing countries and have a direct impact on employment, poverty, food and energy security, and sustainable development. Price volatility, food price spikes, the financialization of commodities markets, and a lack of transparency and accountability at many levels in commodities sectors pose risks to the long-term sustainable development prospects of low-income, commodity-dependent developing countries and poor consumers alike.

Creating an “Aid-for-Diversification Programme” can offer the type of holistic and forward looking support that commodity-dependent, low-income countries need to successfully diversify their economies, both horizontally and vertically. Such a facility would not only provide funding, but also help through technology and human resource development, including providing advice on the utilization of funds and job creation. More specifically, such a facilitate could help countries engage in global value chains, and ultimately advance further up the value chain, by, inter alia promoting entrepreneurship, strengthening companies’ absorptive capacity, building infrastructure and generally developing supply-side capacity. A holistic approach, which covers the entire commodity supply chain and all actors involved, and facilitated by the sharing of country experiences, can assist countries to deal with the long-standing challenges of commodity dependence. An Aid-for-Diversification Programme would fit well with the mandate of UNCTAD and could, moreover benefit from synergies with its other areas of expertise in trade, investment and technology.

4. Investment

To maximize the benefits of investment for sustainable development and minimize its potential negative effects, we need to work towards creating a multilateral platform where international investment policies can be coordinated.

With the new phase of globalization the global investment landscape is changing. New sources and new forms of international investment are yet to be tapped into for long-term growth and job creation. At the same time, the international investment regime is marked by its complexity, comprising over 3,300 treaties,⁵ characterized by gaps, overlaps and inconsistencies, and, above all, a lack of the sustainable development dimension. In this context international investment policy makers are faced with the dual challenge to rationalize this complex system while finding policy options to factor in sustainable development objectives into investment policies.

UNCTAD's Investment Policy Framework for Sustainable Development provides the basis for addressing many of the problems in the current system. It provides a toolkit with policy options for countries to tap into and formulate treaties that avoid the most common pitfalls, sidestep the glaring failures of the current regime and work better to facilitate sustainable development.

However, more needs to be done. No formal institutional body – akin to the WTO and the IMF, which respectively manage global trade and finance – is mandated to oversee international investment issues. This absence is partly to blame for the systemic complexity and incoherence of the current regime. A more coordinated approach to global investment relations is needed if we are to (i) stimulate investment for growth and jobs; (ii) make investment work for sustainable development; (iii) avoid protectionism; and (iv) ensure policy coherence at the national and international levels and create synergies between investment policies and other policies such as those for trade, finance, competition or the environment (e.g. climate change).

UNCTAD, already the lead agency in this field, can play a key role to strengthen international dialogue among all relevant actors (including the OECD, WTO and IMF); foster greater trust between countries on the contentious issue of foreign investment; and provide the multilateral platform for coordinating investment policy-making at national and international levels. Such a coordinated approach, facilitated by a central institution, would contribute significantly to ensure that any process which may lead to the establishment of an international investment system is inclusive and transparent.

5. Enterprise and supply chains

To reap the benefits of globalization, developing countries must build local enterprise and develop their domestic productive capacity to integrate into global supply chains. UNCTAD could help governments develop operational strategies for strengthening the

⁵ This includes bilateral investment treaties, regional agreements and free trade agreements with investment chapters.

productive capacity of their enterprises in order to become part of global supply chains and maximize the development benefits thereof.

Local enterprise development and linkages between local firms and affiliates of multinational firms are essential transmission mechanisms for the development benefits of foreign investment. This includes technology dissemination, skills transfers, indirect and induced value-added and job creation. UNCTAD's Entrepreneurship Policy Framework was established to facilitate the creation of local firms in developing countries, while its EMPRETEC programme has successfully trained tens of thousands of entrepreneurs.

However, a more encompassing approach is necessary, that draws entrepreneurship development into the framework of overall investment and enterprise development policies. This approach will enable the healthy development of indigenous productive capacity in poor countries. These policies should also strive to help firms integrate into and/or upgrade along global supply chains; and create synergies between domestic public and private investment and foreign investment for the development of sustainable productive capacity.

UNCTAD could expand its Entrepreneurship Policy Framework and the experience with its EMPRETEC training programmes to help governments develop conceptual and operational strategies to strengthen enterprise capacity in order to become part of global supply chains and maximize the development benefits thereof. This should be done in close cooperation with UNIDO.

6. Technology capabilities

The technology gap continues to thwart the development prospects of developing countries, and the governance of technology dissemination remains a contentious and unresolved issue. To help LDCs, one viable approach is to disseminate "soft" technology, making use of the skills and knowledge of retired professionals and skilled emigrants, offering them an internationally recognized platform for volunteering their services.

Developing countries require a wide range of technologies to build productive capacity and spur economic growth. In this regard the dissemination of technology, and recipient countries' ability to acquire, adapt, master and improve existing technologies constitute the biggest challenges. Efforts to address these challenges so far include: (i) helping to create a conducive environment for technology flows from parent companies of multinational firms (developers and owners of advanced technology) to affiliates or domestic firms in host countries, and establishing appropriate frameworks

for intellectual property rights protection; (ii) encouraging linkages between multinational firms and domestic firms (to maximize technology diffusion) and the development of absorptive and adaptive capacities of domestic firms, including through the establishment of science and industrial clusters; (iii) helping developing countries set up or improve national innovation capacities, in collaboration with universities and research institutes, the private sector and other stakeholders; and (iv) learning from the experience of how TRIPS Article 66 has been operationalized to establish partnerships with the private sector to facilitate the adaptation, generation and dissemination of technologies in LDCs. Despite all these efforts, the technology gap continues to thwart development efforts and economic growth prospects in many developing countries, in particular in LDCs.

An endeavor that could supplement the above efforts is to focus on the dissemination of soft technology (i.e. know-how and skills transfer) through a "Grey Tech Corps" that also includes engaging the skilled diaspora. This could also have a strong South-South cooperation dimension. Such a Corps would consist of retired professionals from developed countries and skilled emigrants from developing countries that would volunteer to provide vocational training, advisory work and pragmatic technology solutions in LDCs on a short-term basis in exchange for international recognition (and free accommodation and travel). UNCTAD could play a key role in this endeavor, working to (i) mobilize the sources; (ii) identify the needs; (iii) do matchmaking; (iv) organize an exchange of experiences; and (v) provide additional incentives in the form of an internationally recognized letter of appreciation. This could also include bestowing the title of "UN ambassador for technology for development" on participating professionals at a high-profile ceremony organized during the Trade and Development Board.

7. International migration

To harness the benefits of international migration and minimize its negative effects, UNCTAD should, in collaboration with other international organizations working in this field, undertake research and policy analysis on the economic development impact of migration, particularly with respect to development finance, trade (Services mode 4) and the economic empowerment of women.

Cross-border migration creates developmental challenges and opportunities for developing and developed countries alike. For developing countries, the emigration of skilled workers to developed countries undermines development efforts and drains scarce resources. At the same time remittances (from both legal and illegal migrants, and especially from women) have increased dramatically. Remittances dwarf not only

aid flows but also outstrip social spending in many countries. These transfers have therefore come to be regarded as a more effective “trickle-up” source of funding for development, often with a strong gender dimension. Developed countries' interests could be described as diagonally opposed to those of developing countries, as they seek to attract skilled immigrants (amplifying the “brain drain” fears of developing countries) while at the same time the crack-down on illegal immigration, affecting mostly the uneducated, unskilled and poor, has been stepped up.

The issue of international migration therefore represents a significant development challenge, but also opportunities. UNCTAD can help the development community to address these issues by engaging with global migration institutions and organizations⁶ to assess the economic development impact of migration and related policies, particularly with respect to development finance, trade, leveraging remittances, the economic empowerment of women, and provide appropriate policy recommendations.

8. Green economy

UNCTAD should help developing countries build the capacity to benefit from green economic opportunities and meet the increasingly stringent environmental requirements that the new globalization will inevitably bring. Its actions can involve advocacy and knowledge dissemination at firm level, and setting up an international technical assistance centre for green investment and technology to drive change at the national and international governance level.

The multilateral negotiations on climate change are essentially not progressing as a result of the clashing interests of developed and developing countries; concerns related to green protectionism through policy measures and CSR standards; and a lack of willingness to commit funds to facilitate the green transition in poor countries. Although negotiations take place at the country level, a large part of the solution must be found at the firm level. It is firms that need to transition to lower-impact production processes. Firms will have to adopt the CSR standards and environmental requirements of procurers and, ultimately, firms will provide most of the funding for green investments and develop green technology. It is high time to instill a positive agenda at the firm level.

In the new phase of globalization consumer preferences and demands in rich countries will determine the production requirements in poorer ones through private standards, set independently from intergovernmental negotiations. UNCTAD should develop concrete options to help developing country firms meet increasingly stringent

⁶ Such as the Global Forum on Migration and Development or the Global Migration Group.

environmental requirements for production processes. At the same time, UNCTAD could also provide a forum for non-negotiating multi-party deliberations to facilitate greater coherence between trade and climate policy.

UNCTAD should also develop a structured approach to help the poorest countries formulate strategies for green investment promotion and green technology development, and on this basis design a package of technical assistance to developing countries focusing on policies and initiatives to promote green investment and create green jobs, including through public-private partnerships. Besides fostering foreign investment, one of the main carriers of green technology, the dissemination of clean technology can be enabled for example by setting up an international technical assistance centre for green investment and technology. Together with UNEP and the UNFCCC, UNCTAD can play a lead role in the conceptualization and realization of such centre.

9. Women in development

Gender equity has emerged over the past decade as a key priority for the development community, with the overarching objective to mainstream gender parity in the economic and sustainable development spheres. However, the practical implications of such a move are not clear, and often efforts have fallen short. UNCTAD should identify (and advocate) meaningful and effective actions that could be deployed in its core areas of work where a differentiated approach for women rather than a gender-neutral approach is warranted.

Women's empowerment and gender equality are crucial for fostering sustainable development. However, numerous challenges obstruct efforts to unlock the power of women in the economic development sphere. For example, compared to men, disproportionate numbers of women (i) live in poverty and are marginalized; (ii) work in the informal sector where jobs are not recognised, regulated or protected by legislation; (iii) are confronted by barriers that limit their access to markets, resources or decision-making structures; and (iv) are deprived of education, training or other capacity-building opportunities.

UNCTAD needs to strengthen the emphasis on gender parity within its organization and work, ensuring that all divisions contribute effectively to this endeavour with coordinated efforts and results. Specifically, it needs to identify practical and effective actions that can be undertaken in the core areas of its work (*i.e. trade, investment, technology, and enterprise development*), and where better results would be obtained through affirmative action rather than a gender-neutral approach. These actions

should be rolled out at all levels of governance: local, regional and international, and should encompass the entire economic development spectrum, including promoting women's entrepreneurship, fostering women's engagement in international trade, and promoting women's participation in leadership positions in all areas of economic and development activity.

The mainstreaming of women's participation in economic and development should be underpinned by (i) empirical information on women's actual and potential role in the economy; projections on the impact of different trade/investment-related policies on gender equality; (ii) targeted support services (such as services to facilitate linkages between women entrepreneurs and women leaders, and networking and advisory services); and (iii) an illustrative series of best and/or bad practices to guide women through the pitfalls and risks of operating in the economic and development area. Given the paramount importance of unlocking the power of women for development, we consider this work a priority area for UNCTAD's engagement, which should be pursued without delay. Its progress in this area should be periodically reported to the TDB.

10. Inclusive growth

Inclusive growth is not possible without embracing the informal sector of the economy. UNCTAD should undertake the research needed to understand the challenges and opportunities faced by the informal sector in order to facilitate its formalization. UNCTAD could establish a platform for the international community to engage with these questions and provide technical assistance to facilitate the formalization of the informal sector.

Inclusive growth requires embracing the informal sector, which comprises a major part of the economy in almost all developing countries, particularly in LDCs. Policies should be developed to support and upgrade the informal sector, without damaging it through prohibitively strict intervention. Enterprise development and women empowerment should be priority areas in this endeavour.

Governments should work to bring informal sector employees within the ambit of their economic and development policies. The informal sector can be strengthened and upgraded by providing training, business facilitation services and information to informal sector operators; and by extending hard and soft infrastructure (such as shelters, drainage but also insurance protection, affordable credit and other financial services) to them. These and other measures could prevent the exploitation of migrant workers, provide informal sector operators with some form of guarantees, and generally help reduce the risk, cost, and insecurity associated with informal sector

operations. There is also a strong need to focus on preventing harassment, corrupt practices and outright sexual and gender-based violence to which women are more vulnerable when working in informal activities. This could best be achieved through education, training and awareness-raising, such as the spread of “decent work” as recommended by the ILO.

Given the economic prominence of the informal sector in many developing countries, UNCTAD has an obligation to deal with it. This holds particularly true for LDCs, already a priority area of work for UNCTAD. The organization needs to conduct an in-depth study about the informal economy, possibly in collaboration with the ILO and UNDP. This study should also analyse the contribution of informal labour and operations to global trade and value chains. UNCTAD should also provide a platform for the international community to engage in a dialogue on how best to facilitate, support and upgrade the informal sector to contribute to inclusive growth strategies. These issues could be discussed in the annual sessions of the TDB under the interdependence agenda item. UNCTAD should also provide technical assistance to facilitate efforts to formalize the informal sector, including through its e-governance systems.

Concluding remarks

On the basis of our central developmental values, i.e., the sustainability and inclusiveness of development grounded on good governance at national and international levels, we have identified a number of issue areas where new global initiatives led by UNCTAD could contribute to foster development-centred globalization.

These suggestions are seeds that could be further developed and adapted, and then adopted by UNCTAD. They should not be seen in isolation, but as part and parcel of the broader UNCTAD mandate and programmes as set out by UNCTAD XIII.

They should also be seen in the broader context of the UN’s social and economic endeavour. In this context, they can be regarded as forming part of the transition of our global development efforts from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs), and their follow-up.

UNCTAD is well positioned to play a crucial role in this regard. In the process of formulating the SDGs, it can contribute the economic aspects. It can also effectively help implement the trade, investment, technology and related dimensions of the SDGs, and translate sustainable development into policy actions in its respective core policy frameworks, thereby ensuring that trade, investment, technology and related issues

effectively contribute to the achievement of the SDGs. UNCTAD can also regularly review the effectiveness of development policies in this regard, particularly in the context of the prevalence of an extensive informal sector in most developing countries.

For UNCTAD to play its role, and be an effective institution, fostering development partnerships at the intergovernmental level remains key. This will require major efforts by all involved. We need to identify ways to build and maintain constructive partnerships and minimize confrontational attitudes.

As the organization approaches its 50th anniversary, it is important not only to look back and draw lessons, but also to plan for the future. We believe that the task ahead for UNCTAD, as we have analysed it in this Report, is a challenging one. But it is not beyond its grasp.

* * *

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UNCTAD Today and Tomorrow

**Reflections by Supachai Panitchpakdi,
Secretary-General of UNCTAD**

**on the Second Report of the
UNCTAD Panel of Eminent Persons**

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Introduction

Since my arrival as Secretary-General in September 2005, I have consistently and persistently been pursuing an agenda of enhancing UNCTAD as an institution for the betterment of the development prospects of developing countries through ahead-of-the-curve thinking and action. For this purpose, I established the Panel of Eminent Persons to advise me, in their personal capacity, on how to enhance the development role and impact of UNCTAD. The Panel came up with very valuable recommendations, most of which were endorsed and put into action by member States, together with the secretariat, as manifested in the outcome of UNCTAD XII.

I reconvened the Panel of Eminent Persons in light of a number of developments that are under way in the wake of the financial crisis, with the aim of promoting a new governance structure for the global economic and financial system. The challenge for these interwoven processes is to ensure overall coherence of approach and outcomes, as well as fairness and equity for all stakeholders in the global economy, especially the most vulnerable. In order to pursue development-led globalization, a further challenge is finding a way to secure poor countries' effective representation and inclusion in the decision-making leading to new international governance institutions. Their participation is essential to mainstream development dimensions which might otherwise be neglected.

In light of these considerations, I asked the Panel to advise me, as Secretary General of UNCTAD, on how to meet the key and emerging economic development challenges of today, and provide concrete ideas for international initiatives on how to deal with them, and how to strategically position UNCTAD in this context.

The Panel met twice and held several informal exchanges in between these meetings. The Eminent Persons provided their respective written inputs to the report at various stages. The Panel also had exchanges with Mr. Pascal Lamy, the Director-General of the World Trade Organization, H.E. Dr. M. A. Maruping, President of the 58th Trade and Development Board and Ambassador of Lesotho to the United Nations and the other International Organizations in Geneva, and H.E. Mr. L.M. Piantini, President of the 57th Trade and Development Board and Ambassador of the Dominican Republic to the United Nations and the other International Organizations in Geneva. Some panel members participated in UNCTAD XIII and its parallel events, and had informal exchanges with various development stakeholders. I am grateful to all who contributed to these exchanges and the work of the Panel.

The report covers broad areas of economic development, but given time and space constraints cannot deal with every aspect exhaustively. Instead, the approach chosen by the Eminent Persons was to identify one or two major challenges for each key and emerging issue area that falls within UNCTAD's competence and formulate one or two possible solutions for UNCTAD members States to reflect upon.

The following contains my personal reflections on this second report of the Panel of Eminent Persons.

I. The global context

At the outset, allow me to put the work of the Eminent Persons and their recommendations, as well as the work of UNCTAD, into the context of four overriding issues that set the stage for today's development endeavor.

A. Uncertainty and structural weaknesses of the global economy

The global economic crisis has laid bare significant underlying structural weaknesses in many countries, and the global economy as a whole. While developed countries have not yet recovered fully from the financial crisis, and growth in developing countries is losing steam, a more troubling picture emerges that does not bode well for economic development in the long-term, particularly in developing countries. Together, macroeconomic imbalances, fiscal crises, massive unfunded social liabilities (due to aging populations) and weak financial markets in developed countries all contribute to form a complex nexus of economic risk. This threatens to inhibit economic diversification, restrain productivity growth, restrict gains from trade, and hamper efforts to alleviate poverty.

Furthermore, these underlying structural weaknesses limit the policy options available to respond to the challenge of rising populations and the accompanying increases in water, food and energy consumption and climate change. Shortages of core resources will create more conflict between social groups, nations and industries that need them. Yet chronic fiscal deficits are threatening investments in infrastructure, crucial to improving the availability of and access to these resources. The resulting shortages threaten global prosperity, and ultimately peace and security.

B. Persistent series of crises

Every year of the new Millennium has been marked by a crisis, be it in the realm of finance, the broader economy, energy, the environment, food, or climate. It is as if we are living through a period of persistent crises and crisis management. Although some of these crises appear to have been contained, their root causes have not been addressed and no durable solution is in sight.

For example, the environmental crisis – in particular, climate change and the issue of rising global temperatures and dwindling resources – poses fundamental and recognized challenges to sustainable development. However, all recent multilateral gatherings on the topic have failed to come up with workable solutions. Similarly, the failure to make progress on reforming the international financial system – including securing more reliable provision of international liquidity, restructuring sovereign debt, setting up stronger financial market regulation and effecting more democratic governance of international financial institutions – remains the single biggest obstacle to establishing a more stable international environment that is supportive of productive investment and entrepreneurship.

The same holds true for the food crisis. Governments and the international community have yet to address its underlying cause and, although the means are by now well-known – discouraging industrial biofuels expansion, regulating financial speculation, containing irresponsible land investments, encouraging the use of buffer stocks to moderate price swings, reducing fossil fuel dependence, promoting ecologically sound agricultural practices, and reforming global trade rules – they are yet to be enacted.

C. Development paradigm

The financial crisis has brought about an important reassessment of the prevailing development discourse. Many previously held tenets of development economics, including the wisdom of financial deregulation and liberalization, are now being questioned and re-thought. Indeed, the development paradigm is at a crossroads. There is consensus that the old paradigm is no longer valid but there is a lack of clarity and consensus with regard to the new development paradigm. The world is moving from an era of liberalization to an era of regulation, with industrial policy back in fashion.

But how to frame development strategy and how to wisely use industrial policy at the national and international level remain a challenge for all governments, particular developing country ones. The global community needs to formulate a new sustainable development and inclusive growth model based on the Sustainable Development Goals (SDGs). Building global consensus to give traction to this endeavor remains a daunting task. In this context, it is noteworthy that many of UNCTAD's policy positions that were previously considered "unorthodox" have now made it into the mainstream, and are reflected in countries' policies and strategies.

D. Set-back of multilateralism

Multilateralism has been dealt serious set-backs in major development issue areas, including the Doha Development Round and climate change negotiations. However, as UNCTAD has repeatedly pointed out, in today's interdependent world economy it is not possible for countries to act alone – be it on economic, social and/or environmental issues. At the same time, regionalism is on the rise. While regionalism can play a positive role, it can also undermine global governance by amplifying fragmentation. As stated earlier, our inability to find global solutions to global problems will further undermine the notion of multilateralism at a time when it is in greatest need.

II. The role of UNCTAD

It is against this backdrop that we need to review UNCTAD's achievements in dealing with development challenges, and the lessons learned over the past eight years. Two sub-sections below will look into, respectively, the organization's substantive and institutional achievements.

A. Substantive achievements

UNCTAD has successfully shifted its role from providing an alternative view that is limited to commenting on the "mainstream" towards getting directly involved in shaping the new development paradigm. This manifested itself in the advocacy of the following themes through our flagship publications and conferences.

a) Development-centered globalization: inclusive growth and sustainable development

The Doha conference of UNCTAD XIII built a consensus on the need for more inclusive growth and sustainable development. It also identified policies to achieve this goal, and recognized the valuable contribution that UNCTAD could make in promoting this agenda. UNCTAD's subsequent research and technical assistance have all focused on mainstreaming these two overriding objectives into public policies in the economic sphere. For example, the Trade and Development Report 2012: Policies for Inclusive and Balanced Growth showed that inclusive growth and development require active employment and redistribution measures, as well as supportive macroeconomic, exchange rate and industrial policies that foster productive investment and create decent jobs, and a better distribution of income that would strengthen aggregate demand, investment and growth. This in turn should accelerate employment creation, including in high productivity activities that offer better remuneration and social benefits, thereby reducing inequality. Another example is the World Investment Report 2012: Towards a New Generation of Investment Policies that introduced the Investment Policy Framework for Sustainable Development (see below).

b) Quick responses to various crises

Over the past eight years, UNCTAD has also been able to react quickly to the multiple crises that have plagued the world since the beginning of the Millennium, for example in the areas of food, finance, energy, and climate change. In regard to these issues, UNCTAD undertook research and policy analysis and made proposals on how to address them, including through its contributions to various G20 processes.

For example, with regard to the global food crisis we launched a report in 2008 entitled *Addressing the Global Food Crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty*, which provided possible responses to this crisis invoking trade, investment and agricultural policy responses and measures at the national, regional and international levels. It also outlined UNCTAD's potential contribution to addressing the crisis.

This issue was then picked up in our 2010 *Technology and Innovation Report: Enhancing Food Security in Africa Through Science, Technology and Innovation*, which focused on the challenges of improving agricultural performance in Africa. The report analyzed the role of technology and innovation in raising agricultural production and incomes of farmers (including smallholders), addressing poverty, improving food security and achieving broader economic growth and development.

And in 2011, in response to a G20 leaders' request concerning price volatility in food and agricultural markets, we -- together with FAO, IFAD, IMF, OECD, WFP, the World Bank, the WTO, IFPRI and the UN High Level Task Force -- developed the *Agricultural Market Information System (AMIS)*. This is a collaborative food information and policy initiative, which works to improve data reliability, timeliness and frequency, as well as enhance policy coordination in times of crisis through a Rapid Response Forum.

Another example is the 10-year *Pan African Cotton Road Map (PACRM)* that got under way in mid-2012 and which resulted from an UNCTAD multi-stakeholder forum held in December 2008. This brought together the entire cotton value chain, from farm to factory. Supported by the Secretariat of the ACP Group of countries, the European Union, the Common Fund for Commodities, and the Centre for the Development of Enterprise, this initiative will provide for effective continental collaboration in addressing the issues plaguing the cotton sector in all sub-regions. Currently UNCTAD

is in dialogue with the African Union Commission and the NEPAD Planning and Coordinating Agency (NPCA) to assume the leadership of the PACRM.

c) The developmental State

The Least Developed Countries Report 2009: The State and Development Governance put forward the notion of the "developmental State" – an endeavor to mainstream economic growth and development at the forefront of government preoccupations. We also defined the developmental State structurally as society espousing “embedded autonomy”, which gives it both the legitimacy and the capacity to pursue its objectives.

This developmental State should seek to harness local, bottom-up problem-solving actions through stakeholder involvement and citizen participation that create and renew the micro-foundations of democratic practice. It should also embrace a wide range of development governance modalities and mechanisms within a mixed economy model to harness private enterprise through public action to achieve a national development vision.

d) A new generation of investment policies focusing on sustainable development

In 2012, UNCTAD launched its Investment Policy Framework for Sustainable Development (IPFSD). In direct response to the Doha Mandate, the IPFSD approach makes sustainable development the central concern and translates sustainable development principles into specific policy components and provisions. It addresses a full range of foreign investment policies and issues in a systemic manner, from design criteria to policy implementation and institution-building, as well as effectiveness assessment. It seeks to foster synergies between national and international policies, and between investment and other policies (such as policies on trade, competition, and taxation). It also takes into account the local needs of countries, providing options to adapt and adopt, together with analysis of the implications of the various options. The IPFSD puts emphasis on the relationship between foreign investment and sustainable development, advocating an approach that strikes a balance between the pursuit of economic growth by attracting and promoting FDI, and the need to protect people and the environment. The IPFSD also aims to rebalance the rights of the State and the obligations of firms.

- e) Soft standards, including the Principles for Responsible Agricultural Investment (PRAI), and the Principles for Responsible Sovereign Borrowing and Lending

In 2010, UNCTAD – together with the FAO, IFAD, and the World Bank – launched the Principles for Responsible Agricultural Investment (PRAI) in response to growing concerns about foreign investment in agriculture and land acquisition in developing countries. A product of the World Investment Report 2009: Transnational Corporations, Agricultural Production and Development, the PRAI has been endorsed by the General Assembly and the G20 and are now being field tested in 10 African and 5 South-East Asian countries.

Also in 2009, UNCTAD initiated work on the Principles on Promoting Responsible Sovereign Lending and Borrowing. These were first released in May 2011, and subsequently revised (second draft in November 2011) after an extensive national and regional consultative process. The main aim of these principles is to reduce the likelihood of a sovereign debt crisis arising by encouraging the parties to act in a responsible manner, and by establishing clear responsibilities on both the borrower's and the lender's side. These principles recognize that debt crises cannot be eliminated, however, prudent and responsible behavior can play an important role to reduce their prevalence and the cost associated with such crises.

- f) Filling the gap of enterprise development policies with the entrepreneurship policy framework

Gaining from participation in the global economy through trade and investment requires a vibrant enterprise sector. However, many developing countries lag behind in this regard. In addition, they lack the policies and tools to develop and nurture a receptive domestic enterprise sector. In order to fill this crucial policy gap in developing countries, UNCTAD developed its Entrepreneurship Policy Framework for policymakers in developing countries to use in devising entrepreneurship policy. While there is no one-size-fits-all answer to promoting entrepreneurship, research by UNCTAD has identified six priority areas for policy focus that have a direct impact on entrepreneurial activity, including establishing a national entrepreneurship strategy, a conducive regulatory environment, and a policy focus on education and skills, innovation and technology, access to finance, and awareness-building and networking. Enriched with examples of success stories from developing and transition economies, this framework helps policymakers determine the appropriate actions to take to

develop the entrepreneurial network in their countries, as well as to build effective implementation, monitoring and evaluation systems.

g) Aligning policies with development strategies

At the national level, UNCTAD has conducted numerous policy reviews at the request of developing country governments, including in the areas of investment, science, technology and innovation, services, and competition. These reviews have been done with cognizance of countries' development strategies and industrial policies. Many of the recommendations of these reviews were implemented and generated impact. For example in the investment area, the Investment Policy Reviews resulted in more than 200 implemented recommendations, 40 per cent of which with UNCTAD's assistance. And in most cases, the implementation of IPR recommendations has led to significant improvements in the business climate. This is demonstrated by the performance of IPR beneficiaries in the World Bank's Doing Business Indicators, where 7 out of the top 10 performers between 2005 and 2012 were IPR countries. IPRs of countries such as Belarus, Morocco, Nigeria, and Viet Nam have been presented to the highest policy level, including Presidents and Chiefs of Government, and translated into concrete policy actions in these countries. This effectively provided hands-on support in building the developmental State.

h) Contribution to highest-level policy discourse

UNCTAD has been called upon to provide contributions to the highest level of international and national policymaking. Internationally, this includes our direct contributions and follow-up to the G20 Summits, the G8, APEC, ASEAN, the Commonwealth, COMESA and the LDC IV Istanbul Plan of Action.

For example, for G20 Leaders, UNCTAD, together with OECD, reports on investment policies on a regular basis. This has led to 8 reports so far, with the next report due in June 2013. Since the Washington Summit, G20 leaders acknowledge this work as an important tool in dealing with the economic and financial crisis by reigning in protectionism.

Another example is UNCTAD's consistent advice and advocacy with African leaders that regional integration on the continent needs to be deepened and widened to move beyond trade so as to reap the full economic benefits for development, including in

the exchange with development partners. Our substantive backstopping of African Union Ministerial meetings on trade and related issues has moved this matter to the highest priority level, with leaders now calling for continent-wide economic integration.

B. Institutional achievements

In terms of institutional achievements, UNCTAD has successfully improved the synergies between its three pillars of work, and made enormous progress in beefing up and streamlining its intergovernmental processes.

a) Streamlining intergovernmental machinery

As an outcome of UNCTAD XII, and following a recommendation of the first Eminent Persons' Panel Report, UNCTAD's intergovernmental machinery was rationalized, including through consolidating the Commissions and establishing multi-year expert meetings. This contributed to more substantive deliberations and relevant outcomes, such as policy toolkits for member States to adapt and adopt.

b) Extending UNCTAD's constituents

Similarly, in pursuit of a recommendation from the first Panel, UNCTAD created new platforms to effectively engage with development stakeholders in key issue areas of its work, thereby effectively ensuring their participation in the global debate. These platforms include the World Investment Forum, the Public Symposium, the Global Commodity Forum, the Global Services Forum and the Innovation and Technology Day. This also includes the Virtual Institute and our partnerships with civil society and business (through the International Chamber of Commerce). Through these forums and initiatives, UNCTAD expanded its constituents considerably and effectively engaged all development stakeholders.

c) Creating and taking the lead in the Chief Executive Board on trade and productive capacity

UNCTAD took the lead in creating the UN Inter-Agency Cluster on Trade and Productive Capacity. This is an interagency mechanism to coordinate trade and

development operations at the national and regional levels within the UN system. The Cluster makes concrete and direct contributions to the UN system-wide coherence reform by coordinating participation in the UN's Delivering as One pilot countries that are involved in the new UNDAF process and the United Nations Development Group (UNDG) machinery. This has increased UNCTAD's direct development impact on the ground, and furthered its standing in the UN family of organizations.

d) Effectiveness and efficiency at the secretariat level

Post-Accra, the organization also embarked on streamlining its publications programme (reducing marginal publications) and consolidating its technical assistance programmes by themes (consolidating 400+ into fewer than 200 bigger projects). We also intensified our partnerships with agencies such as the World Bank, IMF, WTO, OECD, regional Commissions and regional organizations. All of this resulted in considerable cost savings and synergies. In the same vein, we improved our outreach and information policy through implementing a new communication strategy and by upgrading our websites. All of these efforts were guided by my "3C" policy of increased Communication, Coordination and Concentration.

e) Creating synergies and cross-pollination between the three pillars of work

Synergies and cross-pollination were also created between the three pillars of work, strengthening their mutually reinforcing nature. For example, in the area of enterprise development, the work of the multi-year expert meeting on developing the Entrepreneurship Policy Framework was reinforced by the lessons learned from technical assistance provided through Empretec, which in turn benefited the research on various aspects of the Framework.

f) Creating synergies within the secretariat

Work in various areas was strengthened through a realignment of secretariat functions. For example, work on technology was concentrated in the Division on Technology and Logistics and the work on Africa was combined with the work on Least Developed Countries. At the same time, work on gender, South-South cooperation and commodities was placed in separate units to emphasize the importance and cross-cutting nature of these areas.

III. My expectations for UNCTAD's future

It is with these achievements in mind that I provide my personal comments on the recommendations of the second Eminent Persons' Report, and also my personal reflections on the future of UNCTAD. I wish to emphasize at this point that the second report of UNCTAD Panel of Eminent Persons is addressed to me as the Secretary-General of the organization and constitutes the advice of the Panel. It in no way infringes on the mandate of the organization, and/or the prerogative of member States to set this mandate and guide the organization's work. Rather, the recommendations by the Eminent Persons are intended for the consideration of members States.

A. Comments on the recommendations of the Eminent Persons' Panel

The second report commends UNCTAD on its success in implementing the first report's recommendations, with the notable exception of the tenth recommendation. This recommendation had called for member States to overcome confrontational attitudes, build trust and create a "comfort" zone conducive to constructive engagement to nurture a spirit of development partnership and "shared success". The Eminent Persons point out that during the process of UNCTAD XIII confrontational attitudes prevailed despite the goodwill of member States. I could not agree more with this observation. In the same context, I agree with the Panel's statement that the process of strengthening the impact and relevance of the organization is a continuous one and that we cannot rest on our laurels if we are serious about helping the poor. Here, we can disagree about the means, but we can surely not argue about the end. This is where we have failed at times, in my view, both in Doha and in subsequent deliberations about the organization's management and how to improve its effectiveness and efficiency.

In this regard the specific recommendations of the Panel – organizing staff/delegate seminars and brainstorming sessions, calling for the participation of Permanent Representatives in critical meetings, as well as integrating the Commission on Science and Technology for Development into UNCTAD's intergovernmental machinery whilst fully preserving its mandate and work programme – all have merit and deserve serious consideration by member States.

I appreciate the Panel's central developmental value – sustainability and inclusiveness of development rooted in good governance at national and international levels – as it reflects what we have achieved in UNCTAD XIII, not least on the basis of my report to the Conference entitled "Development-led globalization: Towards sustainable and inclusive development paths". Undertaking to define “development-centered” globalization, setting out related indicators and benchmarks to measure outcomes within this paradigm, and periodically assessing the impact of globalization against these benchmarks, are natural steps in the endeavor to achieve inclusive growth and sustainable development. I urge the organization to not shy away from this important challenge in the years to come, including in the context of the formulation of the post-2015 sustainable development goals.

The Eminent Persons' Report also contains recommendations for new global initiatives in ten issue areas where UNCTAD could engage itself in the pursuit of development-centered and inclusive globalization. In the following I will address each in turn.

- a. The recommendation to build a “Development Observatory of Global Economic and Financial Governance” and a “Virtual Consortium of Think Tanks” on globalization and new development strategies follows naturally from the first Panel's recommendation to establish a global network of development think tanks. Safeguarding and advancing developing countries' interests in the emerging new global economic and financial governance structures must be at the heart of the UNCTAD endeavor. Utilizing a "soft" approach of undertaking "development audits" of any major suggested changes to the future global financial and economic architecture translates the Doha mandate into a meaningful tool for the international community.
 - b. The recommendation to create a platform for fostering dialogue and synergy among regional trade blocs provides a concrete idea of how UNCTAD could contribute to overcoming the uncertainties associated with the completion of the Doha Round. This approach would contribute to defining the regionalism trend as an opportunity for, rather than a threat to, multilateralism. The recent meetings of the Trade and Development Commission, as well as a recent expert meeting in the context of investment for development, brought together numerous representatives of regional organizations to exchange experiences and views, and learn from each other. The success of these meetings bodes well for this undertaking on a bigger scale in the context of the Trade and Development Board, and I welcome this idea.
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- c. In the area of commodities, the Panel suggests creating an "Aid-for-diversification facility" to help commodities-dependent low-income countries pursue a sustained growth path with rising incomes and poverty reduction. The recent commodity price boom has once again underlined the importance of this recommendation, as many of the commodity-dependent developing countries that benefited from the recent boom face difficulties in channeling the gains into productive capacity-building for economic diversification. Such aid is not just an issue of financial support but rather of knowledge dissemination and technical assistance. UNCTAD has long taken a holistic approach to commodity issues, and its Commodity Unit is well placed to take up this challenge.

 - d. Recognizing the absence of a multilateral investment regime, the Panel calls for building a multilateral platform for the coordination of international investment policies that are inclusive, transparent and participatory in nature. This is an area of high priority as the current international investment regime with its almost 3,200 IIAs is highly atomized, multilayered, and full of overlaps, inconsistencies and gaps. This is what we have pursued with the creation of the World Investment Forum, and I urge member States to consider this forum as a platform to further pursue this idea. With its multi-stakeholder approach and global reach, the World Investment Forum contains all the elements necessary to ensure international coordination on investment matters is comprehensive and representative. The past interactions of the World Investment Forum are also indicative that this forum will ensure that outcomes will aim to maximize the benefits of investment for sustainable development and minimize its potential negative effects. With the creation of the World Investment Forum, UNCTAD has lived up to its responsibility as the focal point within the United Nations system for all matters related to foreign investment and transnational corporations.

 - e. The Panel recognizes global value chains as one feasible option for pursuing development, and recommends developing operational strategies for strengthening the productive capacity of developing countries' enterprises in order to become part of global supply chains and maximize the development benefits thereof. This falls squarely within UNCTAD's area of work as reconfirmed by the Doha mandate. It addresses one of the most crucial issues of today's world trading system, which is the phenomenon of global supply chains and the need for developing countries to link up to them. As we have seen in recent publications from UNCTAD, the WTO and the OECD, integration into global supply chains needs to form a critical element of development
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strategies, and equipping developing country enterprises with the means to do so is of the utmost importance to the development cause. I endorse this recommendation.

- f. The recommendation to offer an internationally-recognized platform to retired professionals and skilled emigrants for volunteering their services to disseminate "soft" technology provides an innovative idea that merits careful consideration. The notion of altruistic social engagement is gaining ground worldwide, and UNCTAD could well help to give substance to this endeavor in the areas of technology and skill dissemination. Regardless of whether it is called "UN ambassadors for technology for development" or "Grey Tech Corp" volunteers, what counts is the need to provide a platform for the organization of such an exchange and the need to recognize the personal effort for development. This is a cause that suits UNCTAD well and that could also increase the organization's direct impact on the ground for the poor and marginalized.
 - g. The recommendation to undertake, in collaboration with other international organizations working in this field, research and policy analysis on the economic development impact of migration is in line with the Doha mandate. The recent crisis has once again underlined the importance of migration for development finance, when remittances proved to be more resilient than other financial flows. However, the crisis also revealed the vulnerability of certain groups of migrants, particularly women. As a 2011 UNCTAD report stated, remittances (which amounted to \$406 billion in 2012 according to the World Bank), can become a solid resource base for leveraging human development, financial inclusion, and investment in a productive capacity. However, leveraging this potential is fraught with difficulty. Work in this area is needed, and I endorse this call for UNCTAD to engage with other organizations on this matter.
 - h. As concerns the green economy, the Panel recommends developing a positive agenda at the firm level, and setting up an international green technical assistance centre to help developing countries build the capacity to grasp green economic opportunities and meet the increasingly stringent environmental requirements that the new globalization will inevitably bring. This recommendation captures the current climate change-related challenges and opportunities at the firm level and should be wholeheartedly endorsed.
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- i. The recommendation to identify and advocate a differentiated approach for women in UNCTAD's core areas of work to help mainstream gender issues into economic and sustainable development-related policymaking, is in line with the Doha mandate. UNCTAD can fill this gap by undertaking, in the respective areas of trade, investment and technology, a survey on the extent to which the gender dimension figures in development strategies. I have for long called for proactive measures to advance the cause of women in development, and spearheaded the institutionalization of departmental women focal points in the UN system. At the same time it needs to be recognized that differentiation is warranted with regard to where a women-focused rather than a gender-neutral approach should be pursued. The Eminent Persons' call for stocktaking on gender issues within UNCTAD's core areas of work is timely and highly necessary to do justice to the gender issue in its work programme.

- j. The last recommendation of the Panel concerns undertaking work related to the informal sector. This is in my view one of the most important recommendations of the Panel, as it highlights an issue that is at the heart of the development malaise, and that needs tackling if we are to succeed in addressing and achieving sustainable development and inclusive growth goals. UNCTAD should specifically focus on this issue in its research, technical assistance and consensus-building activities.

Overall, the second report of the UNCTAD Panel of Eminent Persons offers a wealth of valuable ideas for concrete action that could contribute to addressing the development problem in the new phase of development-centered globalization. These ideas build on UNCTAD XIII and fall within UNCTAD's mandate and core competencies. As pointed out by the Panel, they are seeds that could be further developed and adapted, and then adopted by UNCTAD, including in the broader context of the UN's social and economic endeavour and the transition of global development efforts from the Millennium Development Goals to the SDGs. If pursued by UNCTAD, the recommendations of the Panel could go a long way to further increase the organization's development role and impact. I applaud the members of the Panel for their forward-looking ideas and the trust they have expressed in the organization and its leadership. I endorse all of their recommendations, and it is my sincere hope that member States will carefully consider them.

B. My personal expectations and visions for the future of UNCTAD

The second report of the UNCTAD Panel of Eminent Persons is released on the eve of my departure from the organization after eight years at its helm. Together with the first report of the Panel and my report to UNCTAD XIII, one could say it constitutes my legacy to the organization and its future. It is hence opportune at this point that I add my personal reflections concerning my tenure as Secretary-General and UNCTAD's future.

I leave a strengthened and reinvigorated organization behind that stands ready to do its utmost to help developing countries and the world as a whole to foster a new and successful development path. Under my leadership, UNCTAD has successfully shifted its role from providing an alternative view towards actively shaping the new development paradigm. With UNCTAD XIII, inclusive growth and sustainable development are now firmly embedded in the international development policy discourse. UNCTAD also succeeded in improving the functioning of its three pillars of work, and in streamlining and enriching its intergovernmental processes. UNCTAD is in a better position than ever before to fulfill its mandates and mission.

Still, there remain some challenges ahead, in the immediate and mid-term future. The most important one, in my mind, is to ensure that UNCTAD remains a platform for frank and open deliberations, including on highly sensitive and highly contentious development issues and bold ideas, and thus a comfort zone for constructive engagement for all development stakeholders to foster partnerships. UNCTAD is only a development think tank and a forum for brainstorming ideas and initiatives for development. It is not a negotiating body. I urge member States to keep this in mind, as this allows open-mindedness and space for deliberations of new ideas and new initiatives. Only such an approach will enable the organization to play a key role in multilateral consensus-building.

UNCTAD also needs to effectively respond to the needs of developing countries and economies in transition, and effectively support the most vulnerable (least developed countries, land-locked developing countries, small island developing countries and countries in sub-Saharan Africa), with a focus on pragmatic solutions. An immediate challenge will be to effectively contribute to the formulation of the SDGs and the post-2015 development agenda, with simple and pragmatic suggestions. I sincerely hope that UNCTAD will play a crucial role in the process of formulating the SDGs, contributing to the aspects of trade, investment, technology and related dimensions.

Here, there is need to emphasize UNCTAD's core competences, in particular its cutting-edge research on the 4 "i"s of interdependence (South-South, North-South, and triangular cooperation), investment, innovation, and institution. In terms of interdependence, North-South, South-South and triangular cooperation and partnerships should be mobilized, strengthened and more effectively channeled towards the maximization of development gains from participation in international trade in goods, services and commodities. This should extend to measures building and strengthening productive capacities through enterprise development and investment. For investment, innovation and institution-building, it is clear that there is the need for a single SDG dedicated to each of these issues.

Finally, as I already alluded to above, the process of strengthening the impact and relevance of the organization is a continuous one and UNCTAD cannot rest on its laurels. Improvements to our results-based management approaches, including through the incoming Umoja system, which provides a harmonized, simplified and real-time approach to the UN's management of its finances, resources and assets will continue to be both possible and necessary, and I have no doubt that the organization and its staff will stay the course.

C. Development passion

Having worked for the development cause my entire career, first with a national focus and then on the international stage (first as Director-General of the WTO and then as the Secretary-General of UNCTAD), I have witnessed first-hand what the development endeavor means for the poor, and how international engagement through trade, investment and technology can help lift millions out of poverty and misery, if properly managed and administered. I firmly believe that it is possible to overcome poverty and marginalization through compassion and solidarity that does not lose sight of the individual who is in danger of falling behind, going hungry to bed every night, without shelter and without hope for any better future. This is what drives my passion for development. For 40 years, the international community has engaged in development assistance to LDCs, but during this time only three countries graduated to developing country status and the overall number of LDCs increased from 23 to 49. The failure to help LDC graduate is a collective one. This is what has driven my resolve to reinvigorate UNCTAD as a development institution, and to increase the organization's impact and relevance on the ground for inclusive growth and sustainable development. The Accra Accord and the Doha Mandate, as well as the two reports of the UNCTAD Panel of Eminent Persons that I established, bear witness to this.

Working as UNCTAD's Secretary-General has been a profound privilege for me, and I leave this organization with deepest respect for the daunting task it faces, a profound admiration for the people that make it work, and the greatest hope for its future.

Fifty years after the first United Nations Conference on Trade and Development concluded, the preambular words of the Final Act of UNCTAD I still remain relevant: "In an age when scientific progress has put unprecedented abundance within man's reach, it is essential that the flows of world trade should help eliminate the wide economic disparities among nations."

The world has changed tremendously. But UNCTAD's *raison d'être* remains as valid as in its founding year. The task ahead is herculean, and requires the joint efforts of all development stakeholders.

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